



FAIR POLITICAL PRACTICES COMMISSION

428 J Street • Suite 620 • Sacramento, CA 95814-2329
(916) 322-5660 • Fax (916) 322-0886

August 13, 2009

Don Watts

REDACTED

Re: FPPC No. 06/466, Don Watts

Dear Mr. Watts:

This letter concerns the complaints we received in 2006 regarding your possible violation of the conflict of interest provisions of the Political Reform Act, (the "Act").¹ The complaints alleged that you, as a Sierra Madre City Councilman, violated the conflict of interest provisions of the Act on June 13, 2006 in connection with a decision involving your source of income, Fred Crockett. We also looked at other 2006 decisions made by the Sierra Madre City Council to determine if you had any other conflicts of interest.

Based on our review and investigation, we have determined that Mr. Crockett and the Crockett-Watts, LLC ("LLC") were not a source of income to you within twelve months of any of the 2006 governmental decisions. The LLC was a limited liability corporation formed in 2004 in order for you and Mr. Crockett to enter a design competition in Monrovia. The LLC was created in name only, and you did have a monetary investment in it. As you stated, you and Mr. Crockett won the design competition for the City of Monrovia. On April 28, 2005, you were issued a final \$3,500 payment for developing the preliminary plans and models for the Monrovia competition. Based on our investigation, this was the last payment you received from either Mr. Crockett or the LLC.

In addition, our investigation revealed that the LLC was formed solely for the Monrovia design competition, and should have been deactivated by 2006. You stated in your interview that you did not recall that the LLC was formally set up, and you believed that it was defunct shortly after you completed the Monrovia competition. You later amended your assuming office SEI for your city council position to disclose the LLC interest, noting that there was "no income" from the LLC and that it was a "dormant agreement."²

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

² We note that the appearance of the LLC in the public records of the Secretary of State's office, on the internet, and on your disclosure statements caused public concern regarding your business relationship with Mr. Crockett, and were a factor in the filing of the complaints in this matter. It may be advisable to deactivate this entity to prevent further public scrutiny.

Based on the foregoing, there is no basis for a conflict of interest violation under Sections 87100 and 87103. Section 87103, subdivision (c) provides that a source of income of \$500 or more can provide a disqualifying interest for a public official, if it is received within 12 months prior to the time when the decision is made. Moreover, you did not have an investment interest valued at \$2,000 or more in the LLC so as to qualify as a reportable and disqualifying economic interest under Section 87103, subdivision (a).

We also note that on July 11, 2006, you disqualified yourself and stepped down from participating on a matter before the Sierra Madre City Council regarding Resolution 06-054 and the Hillside Management Zone ("HMZ"). The resolution involved the approval of two fee agreements for proposed projects subject to the city's HMZ ordinance. You abstained from this decision on July 11, 2006, because you had performed architectural services for a developer who could possibly be connected with one of the projects. The resolution passed 4-0 with your abstention. The July 11, 2006 decision was a rehearing of the same decision in which you had participated and voted on May 23, 2006. At the May 23, 2006 meeting, you voted against the resolution, but it passed with a 4-1 vote. It appears that the matter was brought back before the city council by the city attorney on July 11, 2006 to prevent the appearance of any conflict, after a citizen raised your apparent conflict of interest at the June 13, 2006 council meeting. There is no evidence that the developer was actually a source of income to you within 12 months of the May 23, 2006 meeting. Moreover, the fact that the same matter was reheard on July 11, 2006, only six weeks after the initial vote and without your participation, mitigates any apparent conflict of interest violation.

Based on the foregoing facts and circumstances, we have determined that you did not have a conflict of interest with respect to Fred Crockett or the LLC, and that any violation that may have occurred on May 23, 2006 is mitigated by the rehearing which took place on July 11, 2006 without your participation. Accordingly, our file in this matter has been closed.

If you have any questions regarding our decision, please feel free to contact me at (916) 322-8062.

Sincerely,

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Merilee A. Mathay
Staff Counsel IV
Enforcement Division